

to the amendment offered yesterday by Senator DODD, which would replace the estate tax repeal in order to partially pay for nontransportation infrastructure programs and save for debt reduction. I strongly support responsible tax cuts and a full repeal of the estate tax.

Even though paying down the national debt is one of my top priorities, I could not support an amendment that does not reflect my position of support for total repeal of the estate tax. I opposed this amendment because the revenue offset did not meet this criterion.

VOTE ON AMENDMENT NO. 747

Mr. LEAHY. Mr. President, I was absent for rollcall vote No. 143. If I had been present, I would have voted in favor of the motion to waive the Budget Act on amendment No. 747 offered by Senator CARPER.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

U.S. RELATIONS WITH TAIWAN

Mr. BAUCUS. Mr. President, last night, I spoke by phone to Taiwan President Chen Shui-bian shortly after he arrived in New York on a so-called "transit stop" on his way to Latin America. I told him how pleased I was that he was able to make this visit and that I regretted that I could not travel to New York to meet with him personally because of the tax bill now on the Senate floor.

I strongly opposed the restrictions placed on President Chen when he passed through Los Angeles last summer and was not permitted to meet with members of Congress. That is no way to treat the democratically elected President of Taiwan.

We are in a different era than in the 1970s when Richard Nixon opened up China, the three Communiqués were produced, and the Taiwan Relations Act was passed.

On the one hand, we still honor the one China policy. The American message to Beijing and Taipei continues to be that they must negotiate together to resolve their differences by peaceful means. We are determined that neither side should be able to take unilateral steps that would fundamentally change the situation.

But, on the other hand, we need to understand that Taiwan now has a government that is as accountable to its people as is our own government. Although Taiwan had an authoritarian system until the late 1980s, today it is

an active democracy based on a market economy. With U.S. support, Taiwan made this transformation into a free market democracy. We should be looking at Taiwan as one of the great success stories of America's foreign policy.

And that means we need to treat Taiwan differently than in the past. It is the 12th largest economy in the world. Taiwan is our 7th largest export market. In fact, we sold more goods and services to Taiwan last year than we did to China.

Once Taiwan joins the World Trade Organization, and I hope it is soon, I believe that we should begin work on a free trade agreement with Taiwan. I will shortly introduce legislation to provide fast track negotiating authority for such a negotiation.

Taiwan has taken many measures to liberalize its economy in recent years, especially in response to negotiations with the United States. While they await formally accession to the WTO, they are working hard to bring their laws and regulations into compliance with WTO requirements. They still have a lot of work to do to complete their liberalization efforts. Sectors such as telecommunications, financial services, and electronic commerce need to be freed up significantly. Protection of intellectual property needs to be improved. But a free trade agreement would help lock in the important economic changes already made, and it would also encourage continuing liberalization.

A free trade agreement with Taiwan would provide an even better market for American goods, services, and agricultural exports. It would reward Taiwan for the dramatic political and economic progress it has made. And it would benefit our economy, enhance our security, and promote global growth.

China would probably object to a U.S.-Taiwan free trade agreement. But there would be no legal or diplomatic basis for such a protest. Taiwan is joining the WTO as a "separate customs territory" and will have all the rights and obligations of every other WTO member, including Beijing. We have been negotiating with Taiwan for years on market access, trade, and regulatory issues. Taiwan is a member of APEC, the Asia-Pacific Economic Cooperation forum. We must determine what will be U.S. policy toward Taiwan.

I recognize that this is an unusual proposal. I don't expect negotiations on a free trade agreement to start right away. But it is a vision toward which we should all work.

To conclude, I hope that President Chen has a useful stay in New York. I also hope that we will see a meeting between President Chen and Chinese President Jiang Zemin at the APEC summit in Shanghai in October. The

dialogue that should emerge from such a meeting could help ensure peace across the Taiwan Strait.

ECONOMIC ASSISTANCE FOR EAST TIMOR

Mr. LEAHY. Mr. President, last week, the Standard Times of New Bedford, MA, published an op-ed piece by Senator KENNEDY on the situation in East Timor, in which he discussed the legislation on East Timor that he introduced with Senator CHAFFEE, which is also cosponsored by myself and Senators FEINGOLD, HARKIN, KERRY, JEFFORDS, and REED. This legislation recently passed the House of Representatives as part of the Foreign Relations Authorization Act.

Senator KENNEDY's legislation would provide additional economic assistance for East Timor, which is struggling to overcome the violence and destruction perpetrated by Indonesian militias, with the support of the Indonesian military, after the vote for independence in August 1999. It would also provide for scholarships for East Timorese students, funding for the Peace Corps to start a program there, and other initiatives.

This legislation outlines a comprehensive approach to a new, positive relationship between the United States and East Timor, including the establishment of full diplomatic relations as soon as independence takes place.

As one who, like Senator KENNEDY, has admired the courage and determination of the East Timorese people and their capable leaders, Xanana Gusmao and Jose Ramos-Horta, I commend him for this legislation and ask unanimous consent that his op-ed piece be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New Bedford, MA Standard Times, May 16, 2001]

PREPARE NOW FOR THE NEW EAST TIMOR

Two leaders of the East Timor independence movement are in Washington, D.C., this week for the first time since the people of East Timor voted overwhelmingly for independence in August 1999. Nobel Prize winner Jose Ramos-Horta spent 24 years in exile rallying support for East Timor's independence and will be foreign minister in the new government. Xanana Gusmao led the domestic opposition and will be a prominent figure in an independent East Timor. The goal of their visit is to obtain the support of the Bush Administration and Congress for their new country, and they deserve to receive it.

East Timor's road to independence has been long and violent. Portugal ruled East Timor for 550 years before pulling out in August 1975. East Timor was independent for four months before it was invaded by Indonesia in December that year. The U.N. General Assembly and Security Council strongly condemned the invasion, and never recognized Indonesian sovereignty over East Timor.

After two decades of unrest, former Indonesian President B. J. Habibie finally agreed